Debts and Career Plans of Osteopathic Medical Students In 1988

Prepared by

Don C. Zobell
Director, Information Services

American Association of Colleges
of Osteopathic Medicine

6110 Executive Boulevard, Suite 405
Rockville, Maryland 20852

March 1989

COLLEGES OF OSTEOPATHIC MEDICINE

Chicago College of Osteopathic Medicine
555 31st Street
Downers Grove, IL 60515
(312) 515-6472

College of Osteopathic Medicine of Oklahoma State University
1111 West 17th Street
Tulsa, Oklahoma 74107
(918) 582-1972

College of Osteopathic Medicine of the Pacific
College Plaza
Pomona, California 91766
(714) 623-6116

Kirksville College of Osteopathic Medicine
800 West Jefferson Street
Kirksville, Missouri 63501
(816) 626-2121

Michigan State University College of Osteopathic Medicine
East Fee Hall
East Lansing, Michigan 48824
(517) 355-9611

New York College of Osteopathic Medicine of New York Institute of Technology
Wheatley Road, Box 170
Old Westbury, New York 11568
(516) 626-6900

Ohio University College of Osteopathic Medicine
Grosvenor and Irvine Halls
Athens, Ohio 45701
(614) 593-1800

Philadelphia College of Osteopathic Medicine
4150 City Avenue
Philadelphia, Pennsylvania 19131
(215) 871-1000

Southeastern College of Osteopathic Medicine
1750 N.E. 168th Street
North Miami Beach, Florida 33162
(305) 949-4000

Texas College of Osteopathic Medicine
3500 Camp Bowie
Fort Worth, Texas 76107
(817) 735-2000

The University of Health Sciences - College of Osteopathic Medicine
2105 Independence Boulevard
Kansas City, Missouri 64124
(816) 221-9698

University of Medicine and Dentistry of New Jersey - School of Osteopathic Medicine
40 E. Laurel Road, Suite 100
Stratford, NJ 08084
(609) 346-6990

University of New England College of Osteopathic Medicine
11 Hills Beach Road
Biddeford, Maine 04005
(207) 283-0171

University of Osteopathic Medicine and Health Sciences
3200 Grand Avenue
Des Moines, Iowa 50312
(515) 271-1400

West Virginia School of Osteopathic Medicine
400 North Lee Street
Lewisburg, West Virginia 24901
(304) 645-6270

Summary

Young doctors of osteopathic medicine emerge from their schools bearing a heavy burden of debt. For the 1988 graduates, this burden was heavier than it had ever been before. The average senior owed $64,700, more than twice as much as the average graduate five years earlier. These spiraling debts affect the career decisions the doctors must make and forecast high medical bills for the public for years to come.

The information in this report was obtained from a sample survey of freshmen and seniors in the 15 colleges of osteopathic medicine. This is the seventh annual study conducted by the American Association of Colleges of Osteopathic Medicine with the full cooperation of the member colleges. Questionnaires completed by the students provided many characteristics, including family background, economic situation, and career plans.

In their freshmen year the 1988 seniors had predicted they would graduate owing $61,400. At that time this seemed a high guess, as the seniors that year owed an average $49,600. But it turned out to be low, understating reality by five percent. Today's freshmen expect to graduate in another three years owing $63,300.

Coming into the professional world with such high debt, new doctors are often forced into specializations and locations of practice that may not be what they had hoped. Two-thirds of those pursuing advanced osteopathic medical education would have preferred to enter directly into private practice. Yet others went into private practice but would have preferred to continue their osteopathic education.

While it has been traditional for many DOs to settle in small towns or rural areas, half the 1988 graduates planned on practicing in medium-sized areas. Many attributed this shift to their financial situation and would have chosen to work in areas of 2,500 or less population had it not been for their economic problems.

About half of the seniors were married, and their debts were higher than those of the single students. Only three percent of the graduates owed less than $10,000; one out of six owed over $100,000. Most of them considered themselves financially independent of their parents, whose income averaged $44,400 per year. However, parents of the freshmen had an average income that was seven percent lower, $41,300. Parental incomes were under $30,000 for 41 percent of the seniors and 47 percent of the freshmen.

Five years after graduation, the seniors with high debts expect to be earning about $89,000 per year; those with lower debts, $76,000. The average graduate expects to complete repayment of the loan within 13 years.

Chart 1

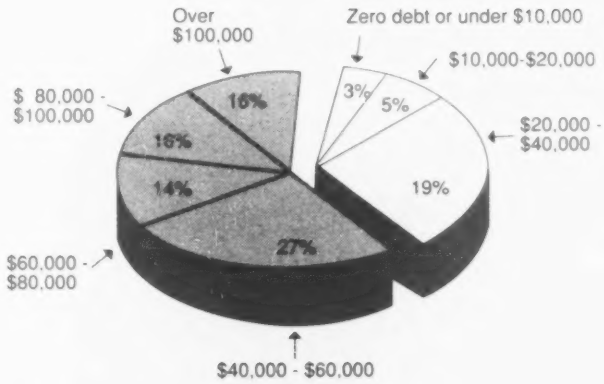
Distribution of Debts at Graduation

SENIORS

Seventy percent of the 1988 graduates owed $40,000 or more...

Average debt: $64,700

FRESHMEN



Average debt: $63,300

...seventy-three percent of the freshmen expect to owe that much at graduation in 1991.

Debts and Marital Status

Seniors

Even more than in earlier years, severe burdens of debt afflicted the 1988 graduates of osteopathic medical schools. The average debt was $64,700, eight percent higher than that of the 1987 graduates. The level of debt at graduation has been rising by several thousand dollars annually.

Once again, about half the seniors were married. The debts of this group of new physicians were about 12 percent higher than those of the single seniors. Of 895 seniors in our sample, only 12 married and 19 single graduates were free of debt or owed under $10,000. At the other extreme, 139 seniors -- 77 married and 62 single -- each owed more than $100,000.

Freshmen

Freshmen anticipated a graduation debt similar to that of the 1988 seniors. The average debt expected by 239 freshmen in the survey was $63,300. Thirty-seven percent thought they would owe more than $70,000. One of every three freshmen was married, and they expected to owe less than the unmarried freshmen, $61,600 compared to $64,050. Only three percent of the freshmen expect to graduate debt-free or owing under $10,000, while 16 percent believe they will start their careers with debts above $100,000.

Parents' Income

Seniors

Three out of four students -- 76 percent of the seniors and 77 percent of the freshmen -- considered themselves financially independent of their parents.

Parental income for all seniors averaged $44,400. Seniors graduating with little or no debt were from upper-income families. Their average parental income was $78,600.

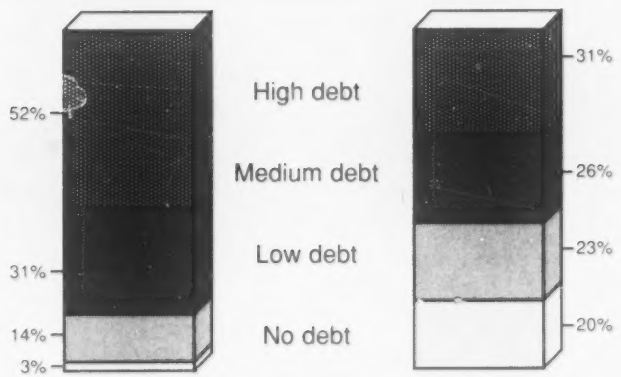
Forty-one percent of the seniors had parents with incomes under $30,000; 35 percent with incomes of $30,000 to $60,000; and 24 percent with incomes over $60,000.

Chart 2 shows the distribution of the relative size of debt for seniors of low and high income families.

Chart 2

Family Income and Debt

More than half the seniors from low income families graduated with debts over $60,000.



Average debt	**$69,000**	**$53,500**

Freshmen

The average annual income of the parents of the freshmen was $41,300; 47 percent of them had income below $30,000, 34 percent between $30,000 and $60,000, and 20 percent over $60,000.

Of those students who expect to graduate free of debt, 57 percent have parents with incomes over $60,000. The average family income of the debt-free freshmen is $73,000. At the other extreme, freshmen expecting to owe more than $30,000 come from families with an average income of about $36,000.

Parents' Education

More than half of the seniors reported that their fathers did not have a college education. Still, 31 percent of the fathers held professional degrees, and half of this group were physicians. Among the mothers, one out of three had a college degree or better, and nine percent of them were physicians or nurses. A similar distribution of parental education was reported by the freshmen.

Distribution of Expected Debt at Graduation by Marital Status

Expected Debt	Seniors			Freshmen		
	Married	Unmarried	Total	Married	Unmarried	Total
Zero to $20,000	11%	11%	11%	10%	7%	8%
$20,000-$40,000	16%	21%	19%	20%	19%	19%
$40,000-$70,000	32%	29%	30%	39%	34%	36%
Over $70,000	41%	39%	40%	31%	40%	37%
Average Debt	$68,400	$61,300	$64,700	$61,600	$64,100	$63,300

Scholarships and Grants

Seniors

Almost four times as many scholarships were awarded to seniors in the class of '88 as to their counterparts in the previous year. Our survey indicated a reversal of the declining trend of past years. The principal sources of scholarships were the osteopathic medical schools, their parent universities, and state governments. About one of every six students who received a scholarship signed an agreement to provide service as a means of repayment.

Freshmen

In contrast to the increase in scholarships and grants for seniors, freshmen had less success in obtaining this type of assistance. The number reported by the sample was almost 20 percent lower than during the previous year, with most of the financial assistance awarded by the medical schools or by the state governments. A fourth of the students agreed to provide service.

Loans

Seniors

Among the graduating DOs, the most popular source of borrowing was the Stafford Student Loan (formerly called the Guaranteed Student Loan). Twenty-eight percent were of this variety, and they were assumed by 86 percent of the senior class. The average amount of this type of loan was $23,200.

The second most frequent source was the Health Education Assistance Loan (HEAL). Three of every five seniors held these loans, representing 19 percent of all loans. Their average size was $35,400. More than half the seniors had National Direct Student Loans. Eighteen percent were of this type, at an average of $5,700. Just over a third of the seniors received Health Professions Student Loans, averaging $15,000.

In addition, 18 percent of the seniors held loans insured by state governments, 11 percent held personal bank loans, 25 percent had loans from osteopathic societies, and 20 percent reported other personal loans. Some students had several different types of loans. Only four percent graduated debt-free or owing less than $10,000.

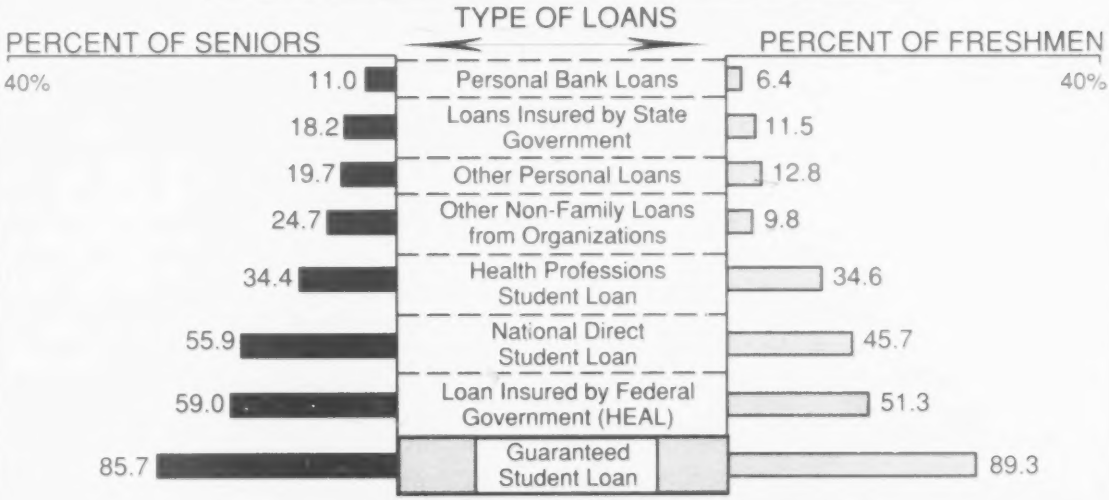
Freshmen

Almost all freshmen expect to owe over $10,000 when they complete their osteopathic medical education. Like the seniors, they made most frequent use of the Stafford Student Loan; 89 percent had or planned to have loans insured by federal or state governments under the GSL program. Fifty-one percent will have loans insured by the federal government under the HEAL program, while 46 percent plan to have NDSL loans. Thirty-five percent will have Health Professions Student Loans. HEAL loans, which average $31,900, are the largest of those made to the freshmen.

Chart 3

Distribution of Loans

The federal or state government supported 89% of the loans by freshmen, and 82% of those by seniors.



More than one of every four senior loans and one of every three freshmen loans were made under the Guaranteed Student Loan program.

Expected Income and Debts

Seniors

Anticipated earnings of DO students tended to increase in accordance with their indebtedness. During the first year after graduation, seniors with debts over $90,000 expected to earn an average of $66,000; those who were debt-free expected an average income of $61,000.

Five years after graduation, seniors with the largest debts predicted an annual income of $89,000; those with the lowest debts foresaw an average of $76,000. Almost a third of the seniors owed between $30,000 and $60,000, and expected to earn between $60,000 and $90,000 per year. The average earnings anticipated in five years were approximately $75,000. Additional details are shown in Chart 4.

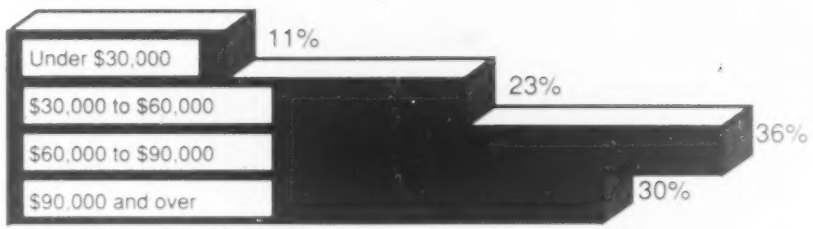
Close to six percent of the seniors had agreed to provide service after graduation as a means of repaying grants. Of those who will provide service, 48 percent agreed to work with state governments, and 29 percent to serve with the military.

When will the seniors be able to repay their high indebtedness? On average they hope to have it all repaid within some 13 years. Eleven percent of the students had borrowed from their families, and one out of seven of those loans was forgiven. The average family loan to be repaid is about $23,000. Five and a half percent of the seniors had received a tuition waiver that amounted to about $13,700.

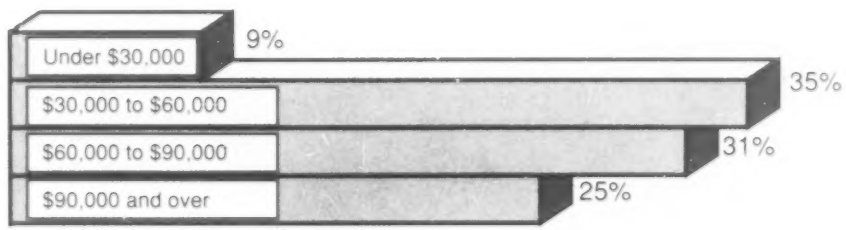
Chart 4

Expected Earnings Five Years after Graduation

SENIORS



FRESHMEN



Many students graduate owing more than they expect to earn per year. They say it will take 11 to 13 years to pay off their college debt.

Freshmen

Freshmen were not as optimistic about their future incomes as were the seniors. Those expecting to have high debts (over $90,000) believe they will earn an average of $55,000 a year after graduation and internship. Freshmen hoping to graduate debt-free came from wealthier families and expected an annual income of $68,000. Five years after graduation, regardless of their debts at graduation, most freshmen believe they will earn about $80,000 annually.

One of ten freshmen had received loans from their families, and most plan on repaying them. The average family loan was about $8,000. Four percent of the freshmen had been granted waivers of their school tuition.

Financial Counseling

Seniors

Only half the seniors felt that they received adequate information about the financial aspects of their medical education when they applied for admission. Two out of five said they received some but not enough information, and eight percent said they had not received any.

The situation scarcely changed during their years at the osteopathic medical schools. While the students were adequately aware of sources of financial aid, the amounts they had borrowed, and the terms of repayment, there were more sophisticated matters which they did not fully understand; these included refinancing of loans, loan consolidation, treatment of loan interest in reporting income tax, and penalties for late payment of loans.

Freshmen

Freshmen in 1987-1988 received more financial information before entering osteopathic medical school than did the seniors at the time of their entrance. About six of every 10 freshmen said that they had received enough information before enrolling, and only one of 20 had received no information. These ratios changed very little during their attendance at the schools.

As in previous years, freshmen were usually well informed about sources of financial aid, amount of loans, and terms of repayment. However, they did not learn much about refinancing or loan consolidation, penalties for late payments, or interest and income tax deductions.

Post-Graduation Plans

Seniors

Upon completion of internship, 44 percent of the seniors intend to enter residencies in advanced osteopathic education. Another 23 percent will pursue advanced non-osteopathic education. Fourteen percent will enter practice as self-employed DOs, most of them with partners; seven percent intend to enter a group practice.

The financial situation of the graduates was an important element in their choice of activity. More than half the seniors said it was a factor in determining their career; for about one out of five it was a principal factor. Two of every three seniors choosing advanced osteopathic education said they would prefer to begin their work in private practice; however they chose advanced training to increase their later earnings. On the other hand, more than one of every three graduates entering private practice would prefer an osteopathic residency for further training, but were impelled to enter practice now as a means of increasing their immediate income.

By the fifth year after graduation, four out of five seniors expect to be in private practice. Fifty-five percent intend to be self-employed, most of them working with partners. Another 20 percent plan on pursuing group practice. At this stage only nine percent intend to be engaged in advanced education.

More than half the seniors said their choice of specialty had been affected by their financial situation; for one out of five their economic need was a major influence. Further details on specialization appear below in the next major section.

Freshmen

Half of the freshmen (51 percent) expect to continue their osteopathic education after graduation by specializing. One out of four anticipated entering private practice at that time. Of this 25 percent, 15 percent expected to work with a partner, six percent planned to join a group practice, and four percent anticipated self-employment as a D.O. Six percent of the freshmen intend to enter non-osteopathic education, and four percent to join government service. One of seven students had not yet decided on post-graduate plans. Forty-four percent said their financial situation was a factor in determining their plans; for 14 percent it was a major factor.

The long-range plans of the freshmen are somewhat similar to those of the seniors. Five years after graduation, 54 percent expect to be self-employed DOs, 41 percent would be working with partners and 13 percent would be in single practice. Another 16 percent plan to join a group practice, and seven percent would work in other types of private practice. Six percent intend to be in residency, and three percent in government service; most of the remainder are undecided at present.

Forty-three percent of the freshmen said their economic situation would affect their choice of specialty. For one out of seven freshmen, it would be a principal factor. Further details are discussed in the next section.

Specialization

Primary care, defined as including general and family practice, internal medicine, and pediatrics, has always been the main emphasis of the osteopathic medical profession. In 1988 both seniors and freshmen chose this traditional specialty; 51 percent of the seniors and 42 percent of the freshmen made primary care their choice.

Among the seniors, 37 percent selected general practice, 10 percent internal medicine, and four percent pediatrics. Among freshmen, 23 percent chose general practice, nine percent internal medicine, and 11 percent pediatrics. Many other students preferred emergency medicine, orthopedic surgery, and obstetrics/gynecology.

While DOs are active in about two dozen specialties, the majority work in primary care practices. The 1988-89 Yearbook and Directory published by the American Osteopathic Association reports that 51 percent of its members are engaged in general practice and associated fields of internal medicine, pediatrics, and obstetrics/gynecology.

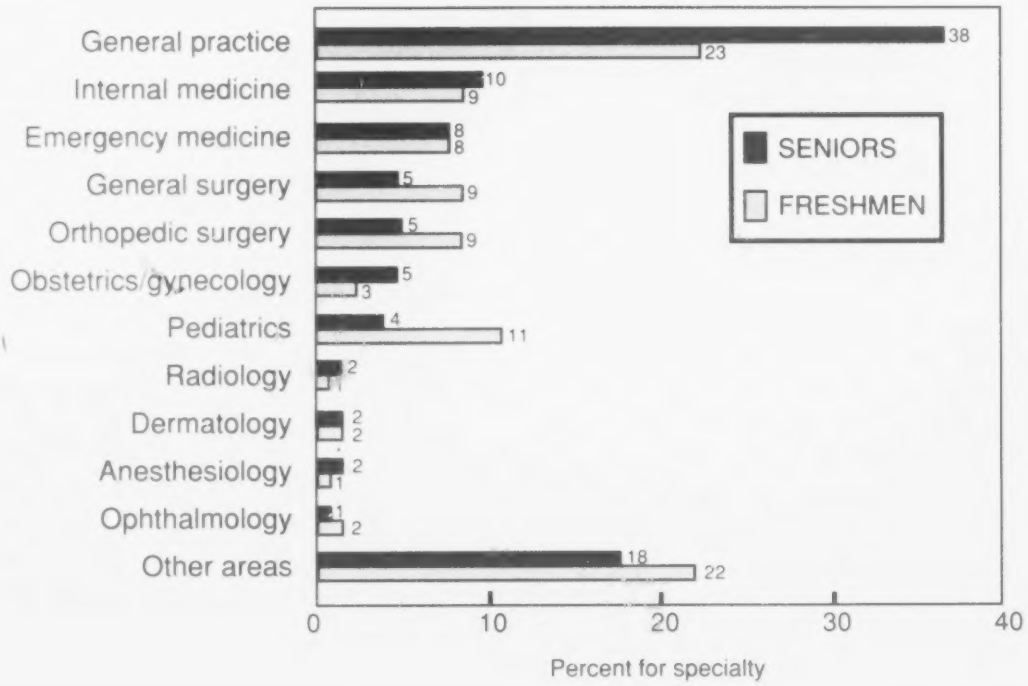
Although many of the students at the osteopathic medical schools in earlier classes had declared interest in pursuing other specialties, some of them later settled in fields of primary care. A recent AACOM survey showed that while 47 percent of the 1983 graduates had given primary care as their preference, 63 percent were working in primary care three years after graduation.

Further details appear in Chart 5.

Chart 5

Specialization

More than half the seniors and almost half the freshmen intend to specialize in the fields of primary care.



Future Location

Seniors

Within five years after graduation, most of the new DOs intend to practice in five regions of the United States. Thirty percent selected the mid-eastern area, 23 percent the north central, nine percent the southeast, three percent the south central, and eight percent the southwest. One out of six seniors did not reply to this question.

The main factors in deciding where the DOs will settle are their family background and their educational plans. Many seniors chose to set up practice near their parents' residences, near their osteopathic or pre-osteopathic colleges, and/or advanced educational facilities.

Traditionally most DOs practice in smaller towns or rural areas. About two of every five graduates hope to work in areas of under 50,000 population by the fifth year after graduation. One of every three prefers a medium-sized area, 50,000 to a million population. One out of five chooses major metropolitan areas.

About half of the seniors said that their financial situation had affected their choice considerably. Of this group, two of every three would prefer to work in an area of 2,500 or less if it were not financially necessary for them to work in a more populated area.

Freshmen

About one of every three freshmen was unable to respond to a question concerning the region in which he would practice five years after graduation. However, one of four intends to settle in the mideast, and one of eight in the north central part of the country.

Half of the freshmen had been raised in areas of between 10,000 and 500,000 population. About 54 percent proposed to establish practice in areas of similar density. Thirty-nine percent came from areas larger than 500,000, and 28 percent intend to settle in areas of that size. One out of five came from areas of under 10,000 population, but only about 12 percent intend to establish practice in these smaller areas. Their intentions, of course, may be modified before graduation.

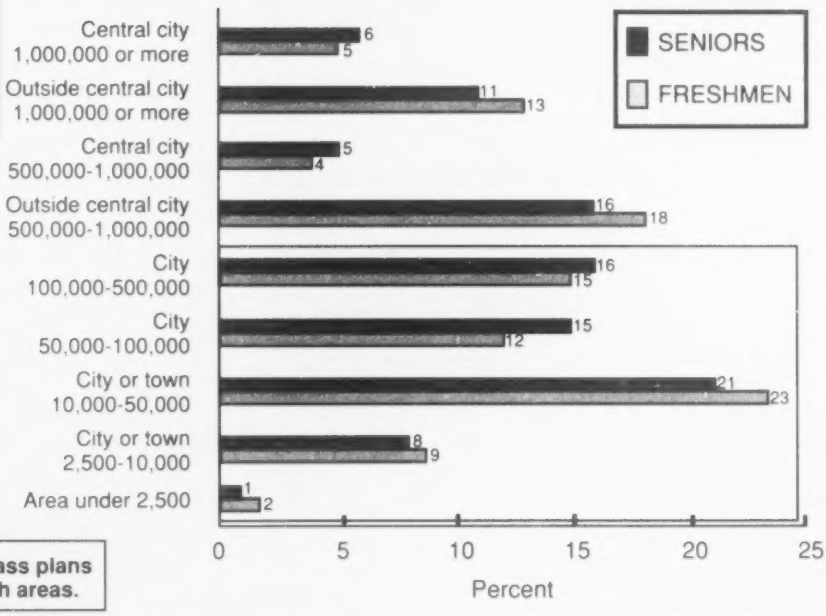
As with the seniors, about half the freshmen said that their economic situation had considerable influence on their choice of area. Otherwise, three out of four would have chosen to settle in an area of under 2,500 population.

Please see Chart 6 for the students' plans on location of practice.

Chart 6

A majority of the students intend to work in areas of under 500,000 population...

Location of Practice



...61% of each class plans to locate in such areas.

The Survey

This is the seventh AACOM report on debts and career plans of students at the 15 colleges of osteopathic medicine. Prepared with the cooperation of school administrators and faculty, it comes as an expression of the hopes and fears of the emerging new physicians.

The survey was based on stratified random sampling of freshmen and seniors in each of the schools of osteopathic medicine during the 1987-88 school year. From a class of 1,692 freshmen, 258 reports were received and tabulated, representing 15 percent of the total number of freshmen. A larger sample of the 1,607 seniors was requested and received. Questionnaires were tabulated for 984 seniors, 61 percent of the total. This is the highest coverage we have ever had in our survey.

The data reported by the students have been consistent, both internally and with those previously reported. Their responses reflect a continuing upward trend in the amount of debts, and expectations of higher income to pay off indebtedness. A knowledge of their situation is essential to understand the problems of available osteopathic health care in the years ahead.

The American Association of Colleges of Osteopathic Medicine expresses its appreciation to the osteopathic medical schools, their staff, and their students, for the assistance they have provided in making these surveys possible.

Publications Available from AACOM

AACOM Organizational Guide - the organizational structure of the Association, names and addresses of members of its councils/sections/committees, and administrative staff and faculty in the 15 U.S. colleges of osteopathic medicine.

$ 7.50

Annual Statistical Report - a compilation of annual trends about the colleges of osteopathic medicine. Presented in tables and charts with accompanying text, the statistical data relate to the characteristics of applicants and matriculants in the osteopathic colleges, faculty, curriculum, sources of grants and loans, and distribution of revenues and expenditures.

$12.00

Application Packet - an application form for the centralized application service, procedures for applying, and materials describing each of the colleges and their fees.

No Charge

College Information Booklet - a brief description of each of the 15 osteopathic medical colleges, admissions criteria, minimum entrance requirements, supplementary application materials required, indication of class size or enrollment, application deadlines, and tuition.

Single copies: $1.00; 25 copies: $12.50; 100 copies: $37.00

Debts and Career Plans of Osteopathic Medical Students - a detailed survey that examines indebtedness of osteopathic medical students at the 15 osteopathic medical colleges. The characteristics and career plans of students are compared at their entrance to osteopathic medical school and just prior to their graduation.

$ 6.00

Education of the Osteopathic Physician - a comprehensive booklet about the profession that is essential to the health professions' advisor and the prospective student of osteopathic medicine. Provides admissions criteria and brief overviews of the 15 osteopathic medical schools, information on the educational process (medical school through internship and residency), licensure, practice options, and history and philosophy.

$ 8.00

A Guide to Sources of Financial Aid for Osteopathic Medical Students - a comprehensive listing of financial aid resources available to osteopathic medical students, including program descriptions and eligibility criteria. Updated edition available after November 1989.

$ 6.50

Osteopathic Medical Education - no charge for single copies of this brochure.

50 copies: $8.50; 100 copies: $15.00

Osteopathic Medical Education: A Handbook for Minority Applicants - provides summary accounts of the osteopathic profession, pathways to osteopathic education, and the educational and training programs of the osteopathic colleges.

Single copies: $1.25; 25 copies: $25.00; 100 copies: $50.00

Study on Competency-Based Objectives for Undergraduate Osteopathic Medical Education - minimum clinical competencies expected of a newly graduated osteopathic physician, component elements contributing to those competencies, and timetable for their introduction and/or completion. Competency objectives for the five core areas of osteopathic medical education -- medicine, surgery, pediatrics, obstetrics/gynecology, and general family practice -- are identified.

$18.00